

SUMMARY ANALYSIS OF AMENDED BILL

Author: Florez Analyst: Gail Hall Bill Number: SB 995
 Related Bills: See Prior Analysis Telephone: 845-6111 Amended Date: May 3, 2005
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Exemption/Interest On Bonds Issued By Federally Recognized Indian Tribal Government Located In This State

- ____ DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.
- ____ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
- ☒ AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced February 22, 2005.
- ☒ FURTHER AMENDMENTS NECESSARY.
- ____ DEPARTMENT POSITION CHANGED TO _____.
- ☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED February 22, 2005, STILL APPLIES.
- ☒ OTHER – See comments below.

SUMMARY

This bill would expand the list of bonds that are treated as California tax-exempt to include, in conformity with federal income tax laws, certain bonds issued by Indian tribal governments located in California if specific requirements are met.

SUMMARY OF AMENDMENTS

The May 3, 2005, amendments added intent language, which is discussed in the IMPLEMENTATION CONSIDERATIONS portion of this analysis below. The remainder of the previous analysis of the bill as introduced February 22, 2005, still applies.

The April 6, 2005, amendments added a principal coauthor and various coauthors and made some minor technical changes.

POSITION

Pending.

Board Position:

_____ S	_____ NA	_____ NP
_____ SA	_____ O	_____ NAR
_____ N	_____ OUA	<input checked="" type="checkbox"/> PENDING

Department Director

Date

Brian Putler

5/18/05

IMPLEMENTATION CONSIDERATIONS

The May 3, 2005, amendments that describe the Legislative intent for this bill may be ambiguous. The language provides that whatever the federal government considers tax-exempt, the state shall accept as the same criteria as tax-exempt. This bill, however, grants exempt status only for bonds issued by tribes located in California and federal law grants exempt status for bonds issued by tribes located in the United States. Also, this bill establishes other conditions for state tax-exempt status that differ from federal law. The ambiguity in the intent language may cause implementation problems if taxpayers interpret the law differently than the department.

TECHNICAL CONSIDERATIONS

The following technical change, from the analysis of the bill as introduced on February 22, 2005, was not included in the May 3, 2005, amendments.

- On page 2, line 17, the term “section” should be stricken and “paragraph” should be inserted.

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